

Economic change and labour's decline: an empirical qualification concerning their association

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Introduction

The labour movement in rich countries has been in decline for thirty or forty years. The same period has witnessed substantial economic restructuring. Not unreasonably, the two processes are often associated.

Both spatial changes - 'globalization' - and social reorganisations variously described, for example, as 'post-Fordism' and the 'new economy', are typically held responsible for much of labour's misfortune. Several influential accounts go further, seeing economic transformation now precluding the possibility of any effective action by or for workers. At one level this is deeply ironic. It has simultaneously become fashionable to announce the autonomy of ideas and politics, of everything that might once have been considered superstructure, from anything as basely material as economic conditions. Sometimes the very same accounts that announce the freedom and indeterminacy of our identities and politics describe the more or less absolutely determined impossibility that these might be based on class (Lash and Urry 1987, Beck 1992, Castells 2000). Most writers sympathetic to labour are more cautious. However, perceptions that economic change has profoundly weakened labour have become pervasive, something of a taken-for-granted, common sense. Accepted, at least in part, by many labour supporters, this has profound strategic consequences.

The relations between structures and agents are, and always were, complex and contested. We can acknowledge contingency and human agency without jettisoning the materialist baby with the determinist bathwater. It is surely reasonable to expect people's economic situation to influence their willingness and capacity to organize without this anticipating on-to-one associations with labour's experiences. This is obvious from a moment's reflection. Union densities vary within and between countries, even ostensibly similar ones. There are huge differences in levels of organisation between and within industries and even within particular firms. Nevertheless, one would also expect people to experience globalization and the new economy differently. Workers in local government, the construction industry, shoe factories and banks face different pressures. Even some of those who have made particularly strong claims of economic transformation have envisaged that some workers should benefit. For example, according to Strange (1996), truck drivers, might gain power from globalization. In Piore and Sabel's influential account, the new economy creates a privileged 'neo-artisanate' (1984). It is not obvious that everyone should be sinking, let alone at the same speed.

Such variability creates the possibility of a systematic evaluation of some of claims of restructuring and its effects. It should be possible to find - not in a clear and unilinear way but statistically, and perhaps in a statistically significant way - relationships between economic situation, workers' conditions and their organization. Conversely, if having asked suitable questions and tested them sufficiently rigorously, it is impossible to show such relations, we might want to question some of the dominant discourses of economic transformation and look elsewhere for the causes of labour's weakness.

This paper attempts some such evaluations. It relies on secondary data. Indeed, its premise is that for the purposes here, fieldwork of particular experiences is of limited value. We are only going to know the overall effect 'in the round'. In a sense, its contribution is therefore unoriginal. It is hoped that the pervasiveness and strategic importance of discourses of labour's structural weakening nevertheless justifies revisiting the evidence. The paper is organized into three sections. These follow suggestions that although in practice interrelated, there are three analytically distinct sets of claims of labour's weakening (Silver 2003, Dunn 2004a).

The first argument sees it as an indirect consequence of the retreat of the state. Capital is mobile. All states, by their nature, are territorially bound and immobile. For Strange (1996), all states, large and small are therefore weakened by globalization. They simply transmit the dictates of global capitalism to their national economies. Consequently, the prospects of winning pro-labour reforms and welfare at the national level are undermined. Conventional social democracy is written-off in theory as it is abandoned in practice. There is a well known 'sceptical' literature which contests this (see e.g. Hirst and Thompson 1996, Weiss 1999). An obvious element of empirical qualification introduced by such accounts, but one which bears repetition, is that not all states are the same. The rich and powerful, the US, Japan, Germany have more freedom and room for manoeuvre than poorer, weaker countries, Greece, Vietnam, Fiji. If labour's weakness is perceived as being a function of that of 'its' nation state it seems worth asking whether it is possible to see a divergence between the experiences of labour in large, rich countries from those in smaller and poorer ones.

The second argument is similar if more direct. Capital's mobility gives it power over relatively immobile workers (Frieden 1991). In the extreme there is 'an unstoppable structural logic' (Strange 1985) and a universal 'race-to-the-base' in workers' pay and conditions (Sassen 1996, Greider 1997). However, not all capital is equally mobile. Nor are all workers equally vulnerable. Some workers may do better than others through their labour market position. An influential argument here has been made by Reich (1991) and Wood (1994, 1998). Based on Ricardian comparative advantage and the related Stolper-Samuelson (1941) theorem, the owners of factors of production in which a country is relatively well endowed will benefit from trade openness, the owners of factors in which a country is relatively poorly endowed would be disadvantaged. In rich countries skilled workers benefit and the unskilled lose. The opposite is true in poor countries. There is some evidence to support this in terms of diverging returns from education in developed and developing countries (Barbones 2009). However, this has to be read very cautiously and, amongst other things, regional variation and a critical evaluation of the character of inequality within countries tends to contradict theoretical expectations. Alternatively, labour's experiences might vary on a sectoral basis with those in strategic locations, vital to the global economy, like transport and communication workers, doing well, or at least less badly, than those in less essential sectors. This can be investigated by asking whether there has been a systematic divergence and 'disembedding' of these groups from the experiences of national labour movements. Updating and expanding an earlier study (Dunn 2004b), the evidence here does provide evidence of disembedding but not that the experiences of transport and communications workers were substantially more positive than those of other sectors.

The third set of claims around post-Fordism and the new economy is broader, vaguer and harder to test systematically. However, it is possible to offer some evidence to address questions of workplace size and sectoral change and of their consequences for pay and organization. Arguments of declining average workplace size can be shown to be false, at least in the US. More cautiously, it is possible to comment critically on a process (often been related to the increased competition introduced by greater trade openness) of 'skill biased technological change' (Wood 1994, 1998, Acemoglu 2003). High-skilled and, by assumption, high-waged, sectors grow quickly while others lose ground. Evidence for this from data on sectoral wages shares in the US is not convincing (Galbraith and Hale 2009). Nor is some more rudimentary evidence from a few other countries. A brief comment on gender and aggregate inequality in the US also emphasises that inequality is an institutional and political achievement rather than something simply inscribed by capitalism's structure or restructuring.

The conclusions are broadly sceptical of claims of economic transformation as the basis of labour's weakness. This provides grounds for optimism. However, in some senses it also has troubling implications for labour's own institutions. If our problems can be blamed on a deeply and increasingly hostile environment we can at least be comforted that the faults lie elsewhere. We are doing the best we can in difficult circumstances. If not, some more uncomfortable introspection may be in order.

Globalization, state retreat labour's decline

This section can be relatively brief. It treads on ground already well covered by a substantial scholarly literature. However, the arguments of declining state powers remain influential. Moreover, even as the broader claims of state retreat are hotly contested, the negative implications for labour can remain unchallenged. A brief review of the debates highlights some reasons for labour supporters to be cautious and the empirical evidence here provides further grounds for scepticism that state retreat is the cause of labour's weakness.

There is a powerful and important argument that globalization has meant a decline in the power of nations states and that, amongst other things, this means they can no longer provide the protections they once offered to labour and the poor. Capital mobility has increased. This has many dimensions. Trade openness has increased along with explosions in the level of foreign direct investment. However, the rise of global finance epitomises the transition. Electronic money and a host of new financial instruments can be moved instantly around the world in vast quantities (Frieden 1991, Strange 1996). Other forms of capital may experience a little more 'friction' but can also usually relocate to wherever conditions are most conducive and returns highest. States are by their nature territorially bound and so are left at capital's mercy. Capital can simply go somewhere else if interest rates are too low, taxation too high or labour market 'imperfections' too onerous. States, whatever the political colouration of their governments, are forced to liberalise, to provide conditions conducive to capital. Policies converge (See e.g. Cerny 1993, Cox 1996, Leisink 1999). Therefore, where once, albeit unevenly and often only through protracted struggles, labour had won rights and protections from the state, these are now eroded. A democratic deficit

emerges (Burnham 1997) with social democratic politics no longer able to redress labour's disadvantages in its uneven struggle with capital. It becomes pointless to orient struggles towards a realm from which power is disappearing. The best that former social democrats can hope is to ride the juggernaut of globalization (Giddens 1998), to harness the state in pursuit of more effective, and perhaps less harsh, competitive strategies. Such a brief characterisation undoubtedly risks caricature. Most authors admit numerous qualifications, that the process is uneven and incomplete. Nevertheless, the general picture is familiar and highly influential.

Conversely, it is worth stressing, albeit in similarly summary fashion, that there is a robust 'sceptical' literature that questions many of the claims of globalization and state retreat. Firstly, there is an important historical objection that state powers were never as absolute as arguments of decline often imply (see e.g. MacLean 2000). Sceptics point out quantitative parallels with an earlier period of globalization a century ago. There may have been changes in degree but from the beginning, states existed within an international system and were constrained by it. Other states forced particular forms of behaviour, as the Realist tradition of International Relations insists, but so too did capital and the flows of finance. States have also long been constrained by their domestic social relations, particularly the imperatives of capital accumulation (Cox 1981). The achievements of organized labour and social democracy may have been substantial but they were also always limited and contested.

Secondly, there is a more theoretical objection that states, on one side, and markets or capital, on the other, should not be seen as opposites in which the rise of one threatens the other. There is indeed a separation of economic and political power in capitalism. For some scholars this is even a defining characteristic (see e.g. Wood 2002). However, this very separation means that it has always been possible for capital to cross borders, to move *without* necessarily challenging existing political forms (Rosenberg 2006). It is unnecessary to accept cruder Marxist or anarchist formulations to be wary of the idea of the state - even the liberal democratic state - as a natural ally of labour. At the same time, as Polanyi (2001) and Institutionalists have insisted, capitalist, market relations need to be embedded in wider social relations, typically relying on state support to reproduce the conditions of their own existence. Capital and its supporters may at times overreach themselves, trying to escape the restraints of such societies and states but this is ultimately unsustainable and provokes a counter-movement (see e.g. Gray 1998).

Thirdly, not all states are the same. Leading states initiated many of the processes that came to be labelled globalization. The consequences may indeed have been unintended, the decisions now irreversible however regrettable. Nevertheless, the resources available to capital, for example the electronic media with which finance moves billions of dollars around the world, are also available to states. The idea that the US, in particular, could not monitor such transactions if it chose to do so, or that leading financial institutions would simply disregard US legislation were they obliged to comply, is simply fanciful (Henwood 1998). Other, weaker, states may have fewer resources and fewer options. Even large rich countries have buckled under the pressures of global finance, with the UK and Italy, for example, forced out of the European Exchange Rate mechanism by currency speculators in

1992. However, several countries have bucked the liberalising trend - not without problems, to be sure, but without the catastrophes some of the globalization literature might imply. The current crisis has seen international creditors renewing demands for austerity but also shown that leading states are capable of mobilising vast resources when the need is deemed sufficiently pressing. Minimally, the claims of state retreat should not be taken categorically, as if states once had absolute power and now have none. Questions of state powers and their decline are at most ones of degree. They should therefore be open to empirical investigation.

Table 1: Decline but not convergence: union densities in selected OECD countries

	1981	1991	2001	2007 [†]
Australia	48.3	39.6	24.4	18.5
Austria	56.4	45.5	35.7	31.7
Belgium	53.4	54.3	49.9	52.9
Canada	33.9	33.1	30.4	29.4
Denmark	79.9	75.8	73.8	69.1
Finland	68.3	75.4	74.5	70.3
France	17.8	10.0	8.2	7.8
Germany	35.1	36.0	23.7	19.9
Greece	38.7	37.1	26.1	23.0
Iceland	69.2	87.9	87.3	88.6
Ireland	62.9	56.9	38.2	31.7
Italy	48.0	38.7	34.2	33.3
Japan	30.9	24.8	20.9	18.3
Korea	14.6	15.4	11.5	10.0
Luxembourg	52.2	46.1	42.9	41.8
Netherlands	33.0	24.1	21.9	19.8
New Zealand	65.7	42.7	22.2	22.0
Norway	57.9	58.1	53.9	53.7
Portugal	50.2	25.8	19.3	18.7
Spain	8.3	14.7	15.9	14.6
Sweden	78.3	80.1	78.0	70.8
Switzerland	27.0	22.7	20.5	19.0
United Kingdom	49.8	38.8	29.1	28.0
United States	21.0	15.5	12.8	11.6
Unweighted average	45.9	41.6	35.6	33.5
Coefficient of variation	43.6	52.7	63.5	66.7

note: [†] or most recent available year

Source: OECD (2010)

There is, of course, already a substantial empirical literature. This shows some evidence of convergence. There has, for example, been movement towards similar (covered) interest rates. Levels of corporate taxation have fallen and converged, across the OECD. Profit shares of national income have risen broadly in tandem (Glyn 2006, 2007). Encouraged, where necessary, by the international financial institutions, many poorer countries have also liberalised significantly, witnessed amongst other things in privatisations and increased openness to

international trade. It is not clear that such changes really constitute 'retreat'. Perhaps most fundamentally, there is little evidence of a decline in state revenue or spending. Of particular pertinence here, nor is there much evidence of a decline in overall levels of welfare spending (Glyn 2006). Welfare systems have been liberalised in various ways, with access to benefits often means-tested and made conditional. But if this is 'neo-liberalism' it has more in common with its immediate Keynesian predecessors than its more distant liberal forbears of the pre-war period.

For labour, there does appear to be a common picture of decline across countries. Table 1 shows union densities for 24 OECD countries between 1981 and 2007. Density is an imperfect measure of union power. Coverage may be considerable but ineffective; as in compliant company or state sponsored unions. Conversely, collective agreements can extend far beyond union memberships. Nevertheless, the clear downward trend in the average density across countries confirms the familiar picture of decline. Conversely, there was an equally substantial rise in the variation between countries. Union densities diverged rather than converging.

Industrial action is a still more controversial measure of power. Silver (2003) has characterised changing forms of action in terms a shift to 'Polanyi type' defensive action from more assertive 'Marx type' organization of previous periods. As this discussion suggests, action can be a sign of weakness rather than strength; a last resort where negotiations have failed and where once the mere threat of militancy might, so to speak, have brought employers to their senses. Nevertheless, the ability to take industrial action can reasonably be seen as at least a sine qua non of effective independent trade unionism. Few would dispute that the periods of heightened militancy were ones of union rejuvenation and strength. Such data are therefore taken as at least a reasonable proxy for labour's power. Silver also notes that after a wave of militancy in Southern countries associated with the establishment of democracy (for example in South Africa, South Korea and in several South American countries), there too, militancy declined from the 1980s. However, her long view also highlights that there have been previous waves of rising and declining militancy, in the 1930s and in the 1960s and '70s for example. The terminal decline of unions has been described and confounded before.

Table 2 confirms the downward trend in the propensity to take industrial action since 1980 for most countries. It uses data from the ILO for strikes and lockouts (hereafter abbreviated to 'strikes') in terms of their absolute number, the number of strikers involved and the days 'lost'. The statistics are collected on very different bases in different countries. For example in the US they include only strikes involving 1000 or more workers. Straightforward international comparisons are therefore of little value. However, time series within countries allow the construction of trends which may then usefully, if cautiously, be compared.¹ These show very little evidence of any systematic difference between labour in rich and poor countries, or in large and small ones. The only

¹ The logarithm of GPD and GDP per capita rather than absolute values are used as the distribution of the latter is highly skewed. Following convention, throughout this paper, the notation, *, ** and *** is used to designate statistical significance at the 90, 95 and 99 per cent confidence levels respectively.

correlation coefficient that turns out to be statistically significant is that between the log of GDP and the number of strikers. This is very weak, only -0.22, while the negative sign indicates that it runs in the 'wrong' direction. The decline in the number of strikers is more precipitous in larger than smaller countries.

Table 2: Changes in industrial action by country wealth, 1980-2007

	GDP	GDP per cap	log GDP	log GDP per cap	Strikes	Strikers	Strike Days	Rate of strike days
Algeria	108.40	3863.18	2.04	3.59	-0.20	-0.09		
Australia	385.27	21281.14	2.59	4.33	-0.07	-0.06	-0.09	-0.11
Austria	182.38	22945.33	2.26	4.36		0.08	0.10	-0.15
Bangladesh	83.45	660.71	1.92	2.82	-0.16	-0.15	-0.16	
Barbados	2.99	11320.58	0.48	4.05		-0.04	-0.05	
Belarus	34.37	3377.23	1.54	3.53			-0.25	
Belgium	221.81	21868.23	2.35	4.34	0.11	-0.03	0.05	
Bolivia	20.35	2755.28	1.31	3.44	-0.11			
Brazil	1026.33	6459.96	3.01	3.81	-0.08	-0.05	0.20	
Canada	666.51	22776.73	2.82	4.36	-0.05	-0.05	-0.04	-0.02
Chile	107.81	7586.97	2.03	3.88	0.02	0.00	-0.02	
Colombia	198.30	5145.16	2.30	3.71	0.05	-0.11		
Costa Rica	19.64	5661.09	1.29	3.75	-0.03	0.06	0.13	
Cyprus	10.74	16493.30	1.03	4.22	-0.04	-0.02	-0.04	
Denmark	120.79	23158.38	2.08	4.36	0.05	0.00	0.01	
Ecuador	52.53	4583.43	1.72	3.66	-0.06	-0.09	-0.08	
Egypt	170.25	2960.41	2.23	3.47		0.06	0.09	
El Salvador	22.67	4287.19	1.36	3.63	0.01	-0.01	-0.06	
Finland	92.23	18057.53	1.96	4.26	-0.13	-0.09	-0.08	-0.12
France	1228.85	21244.06	3.09	4.33	-0.01	-0.18	-0.06	
Germany	1807.30	22089.43	3.26	4.34		-0.04	-0.03	-0.04
Ghana	13.51	832.27	1.13	2.92		-0.23	-0.30	
Greece	159.07	14927.99	2.20	4.17	-0.08	-0.09	-0.01	
Guyana	1.65	2268.96	0.22	3.36	-0.04	-0.01	-0.07	
Hong Kong SAR	142.10	22663.19	2.15	4.36	-0.09	-0.10	-0.09	0.07
Hungary	93.22	9018.39	1.97	3.96	0.08	-0.03	-0.04	-0.04
Iceland	5.53	20635.39	0.74	4.31	-0.05	-0.07	-0.01	
India	1038.55	1083.01	3.02	3.03	-0.05	-0.03	-0.05	
Indonesia	441.87	2262.57	2.65	3.35	0.07	0.14	0.19	
Ireland	63.50	17631.93	1.80	4.25	-0.09	-0.07	-0.09	
Israel	92.66	17241.67	1.97	4.24	-0.06	0.04	0.00	0.01
Italy	1168.27	20551.59	3.07	4.31	-0.04	-0.09	-0.10	-0.03
Jamaica	14.21	5678.11	1.15	3.75	-0.05	-0.01	-0.03	
Japan	2811.97	22417.53	3.45	4.35	-0.10	-0.12	-0.02	
Korea	575.12	12753.98	2.76	4.11	-0.04	0.00	-0.01	-0.03
Latvia	12.90	5159.67	1.11	3.71			-0.20	-0.22
Malaysia	155.44	7513.21	2.19	3.88	-0.06	-0.04	-0.04	
Malta	5.58	15062.80	0.75	4.18		-0.08	0.12	0.12
Mauritius	6.67	5926.49	0.82	3.77	0.02	-0.05	-0.02	-0.04
Mexico	736.64	8082.04	2.87	3.91	-0.13	-0.04	-0.06	
Morocco	57.79	2190.24	1.76	3.34	0.00	-0.01	0.00	
Myanmar	14.06	314.29	1.15	2.50	0.13	0.12	0.12	
Nepal	14.03	647.00	1.15	2.81	-0.15			
Netherlands	356.83	23134.70	2.55	4.36	0.00	0.02	-0.01	-0.03
New Zealand	59.78	16231.79	1.78	4.21	-0.10	-0.10	-0.11	
Nicaragua	7.74	1751.82	0.89	3.24	-0.24	-0.25	-0.33	
Nigeria	105.21	1013.07	2.02	3.01	-0.03	-0.03	0.02	

Norway	134.97	30884.94	2.13	4.49	-0.02	-0.03	-0.02		
Pakistan	191.11	1553.92	2.28	3.19	0.01		-0.03		
Panama	13.71	5209.27	1.14	3.72	-0.07	0.05			
Peru	103.80	4446.25	2.02	3.65	-0.10	-0.12	-0.07		
Philippines	135.27	1979.16	2.13	3.30	-0.08	-0.07	-0.08		
Poland	279.78	7249.23	2.45	3.86	0.04	-0.14	-0.11		
Portugal	135.91	13566.87	2.13	4.13	-0.03	-0.09	-0.10	-0.11	
Romania	133.14	5870.24	2.12	3.77	-0.07	-0.07	-0.02	-0.02	
Russia	952.60	6419.12	2.98	3.81	-0.06	-0.09	-0.10	-0.14	
Saint Vincent	0.50	4660.28	-0.30	3.67		0.27			
Saint Kitts and Nevis	0.36	8694.41	-0.45	3.94			-0.23		
Singapore	89.51	25396.87	1.95	4.40		-0.11			
Slovakia	47.41	8864.88	1.68	3.95		0.04			
South Africa	234.16	5709.85	2.37	3.76	-0.04	0.03	0.04	0.04	
Spain	676.14	17166.56	2.83	4.23	-0.03	-0.06	-0.06	-0.10	
Sri Lanka	36.79	2128.90	1.57	3.33	-0.04	-0.01	0.05		
Suriname	1.87	4267.15	0.27	3.63	-0.09		0.06		
Sweden	182.84	20689.21	2.26	4.32	-0.10	-0.12	-0.11		
Switzerland	185.54	26271.50	2.27	4.42	0.04	0.10	0.09	0.02	
Thailand	278.23	4679.26	2.44	3.67	-0.05	-0.04	-0.02	-0.17	
Trinidad and Tobago	8.28	6567.38	0.92	3.82	0.01	0.02	0.10		
Tunisia	31.96	3625.77	1.50	3.56	0.00	0.01	0.01		
Turkey	384.91	6693.43	2.59	3.83	-0.08	-0.06	-0.06	0.06	
Uganda	11.35	543.16	1.05	2.73	-0.03	-0.05	-0.12		
Ukraine	164.51	3233.62	2.22	3.51	-0.12	-0.16	-0.12		
United Kingdom	1176.07	20268.28	3.07	4.31	-0.09	-0.06	-0.11	0.03	
United States	7397.65	27762.90	3.87	4.44	-0.07	-0.06	-0.07		
Zambia	7.59	832.98	0.88	2.92	-0.08	-0.04	-0.06		
					Correlation with log GDP	0.00	-0.22*	0.14	-0.05
					Correlation with log GDP/cap	0.06	-0.04	0.10	0.24

Notes and sources: time series for rates of industrial action are taken from ILO (2010) for the longest available continuous time series between 1980 and 2007, providing there was at least ten years' data. The values shown are the average change per year, divided by average for the period. GDP and GDP per capita rates are in all cases for 1995 and on a PPP basis, from IMF (2010)

(* statistically significant at 10% confidence level)

The two simple empirical tests in this section question whether there is any association between the diminution of state powers and labour's decline. While the trend in most countries and in aggregate is clearly downwards, there is little evidence of convergence of labour's experiences. Labour activity and organization is at least as likely to have declined in rich powerful countries as in poor weak ones. Such conclusions will hardly be surprising to most scholars of labour's decline but they do give pause to question an important strand of the conventional discourse. The argument that states have lost power is intensely and inescapably political. It was made, amongst others but particularly forcefully, by right wing politicians even as they wielded state power to deliver anti-labour policy. Labour supporters should be wary.

Globalization and the decline of labour

As mentioned in the introduction, globalization is also frequently maintained to weaken labour directly. In extreme versions this produces a downward spiral as capital scours the world for the lowest wages and the most compliant workforce. At least any 'Fordist' compact between capital and labour in which the former had an

interest in the high demand produced by high wages is broken. In practice, of course, the process is usually understood to work alongside the weakening of the state. It was precisely the ability of labour to remove or reduce the element of wage competition at national level which underpinned 'Fordism' but subsequently heightened the search for international solutions to problems of profitability. However, conceptually, capital's mobility impacts immediately on workers who are relatively immobile. Firms play-off workers in different parts of the world against each other. As capital becomes globally integrated, so the argument goes, labour becomes spatially dispersed.

These claims have been less thoroughly investigated than those of state retreat. Nevertheless, there have been important objections. Firstly, workforces and labour markets are heterogeneous. Labour is highly differentiated by skill and there are important suggestions, even from those who accept the globalization arguments, that those at the top may improve their position. Globalization effectively increases the market for their skills. However, at least in rich countries, the low-skilled lose from the greater relative increase in competition for their jobs. Receiving less emphasis amongst the general brouhaha of decline, the logic of the argument is also that in poorer countries this situation is reversed. Secondly, as above, capital's mobility is finite and there are dangers of exaggerating what is at most an uneven process. It may be in capital's nature to move, but, as Holloway (1995) has pointed out, (with a few exceptions) profits are made in situ, though the exploitation of workers in particular places. There is no profit, indeed always some cost, in the movement itself and the reestablishment of effective and profitable employment relations in different locations is always more or less difficult. Capital's mobility also varies enormously by economic sector for both physical and social reasons. Labour is also differentiated by its specific trades. Some groups, for example in construction or the public sector do not face the same threats of capital relocation as those in certain areas of manufacturing or finance. In some situations, capital's extended networks may enhance rather than reduce labour's collective power. For some this has led to hopes of rediscovering a lost internationalism (Radice 1999). More prosaically, the patterned nature of restructuring leaves spaces of resistance. Industrial action in particular places may retain or even gain new power to disrupt what are complex and sensitive production networks. The workers concerned can win improved bargains, at least temporarily. Herod's (2000) account of the impact of a strike at a single General Motors components plant is exemplary here. It is also through labour that capital moves and, although ultimately replaceable, the telecoms engineers, the airline pilots and the truck drivers have particular abilities vital to any globalization. There is at least anecdotal evidence that certain groups of transport workers have realized their collective strength in this situation (Darlington 2009). Even in the US, the majority of railworkers and postal workers remain organized (Hirsch and Macpherson 2010). In short, we should not expect all workers to experience globalization in the same way.

This section tests the claims for the different impacts of globalization on workers of different skills and on workers in different economic sectors. Firstly, the expectation is that the experiences of the skilled and unskilled (typically associated with more or less education) should diverge along with their experiences in rich and poor countries.

Problems with this association will be discussed below. However, there is a long-standing and powerful argument and some new but reasonably comprehensive evidence.

The argument follows from the familiar Stolper-Samuelson theorem. A brief summary is probably in order. Ricardian comparative advantage establishes that countries can benefit from trade, specialising in goods in which they have *comparative*, that is relative, advantage. There are innumerable objections, raised by more or less radical critics (see e.g. Dunkerly 2004), but the underlying theory remains powerful and enormously influential. Building on comparative advantage, Heckscher and Ohlin suggested that countries should specialise in goods, the production of which utilised predominantly factors of production which they held in relative abundance. In the simplest models, these factors of production are those of classical political economy; land, labour and capital. Stolper and Samuelson then argue that 'it is clear from the Heckscher-Ohlin theorem that the introduction of trade must lower the relative share in the real or money national income going to the scarce factors of production' (1941:59). So nations as a whole might benefit from increased trade openness but there is no reason to assume this should apply to everybody, or indeed to the majority, within them. A plausible historical account of changing attitudes to trade and social struggles can be constructed on the basis of the simple land-labour-capital categorisation (Rogowski 1989). However, from the start, it was also possible to acknowledge that this three-way typology could mask internal differentiation. As Stolper and Samuelson suggest, 'Certain sub-groups of the labouring class, e.g. highly skilled labourers, may benefit while others are harmed' (1941:60).

Much has been made of this argument in relation to workers in rich countries and in the US in particular. Reich's (1991) account has become especially influential, proposing a national high-road to globalization avoiding the 'race-to-the-base'. With workers who remain unskilled facing a bleak future, the US could secure its position in a globalized world only by improving the education and skills of its workforce. The simple corollary of the Stolper-Samuelson theorem, however, is that in poorer countries, too, the share of production going to the relatively abundant factors of production will tend to rise, while the share going to the scarce ones will tend to fall. Here it is the unskilled who are relatively abundant, the well-educated who are relatively scarce. Liberal trade theory therefore suggests that workers in aggregate, the abundant factor (at least in densely populated or 'land poor' developing countries), would gain from trade openness. However, skilled workers would be expected to lose.

Barbones (2009) has presented important new evidence of the relationship between inequality, education and trade openness. There is a marked and statistically significant difference in the overall experiences of developed and developing countries. Firstly, Barbones measures the association between education and income for 81 countries, finding this positive in all except one, but to varying degrees. The level of this association is then plotted against trade openness (measured as the logarithm of the trade to GDP ratio). This now shows a significant positive correlation in developed countries but a negative one in developing ones. This is to say that in rich countries the premium for being more highly educated increases the more the country is exposed to foreign trade. The converse is true in poorer countries where the association between education and income declines the

more open the economy. Barbones' (2009) results can be confirmed using slightly different data for the trade/GDP ratio and GDP per capita from UN (2002) and omitting from the sample those countries not covered in this (Taiwan, Puerto Rico, Serbia and Bosnia Hertzogovina). Table 3 shows the statistically significant positive and negative associations between the returns to education and trade openness in developed and developing countries respectively.

Barbones himself offers a novel explanation of the result in terms of the greater 'credentialism' associated with education in poorer countries. This argument shares much with conventional trade theory outlined above in the sense of showing an increasing 'surfeit' of education in poorer countries as they become more open. It seems to me that Stolper and Samuelson (1941) explanation is at least as convincing as the new interpretation, has the advantages of theoretical parsimony and avoids some unfortunate claims about educators in poorer countries.

Table 3: Correlation between returns to education and trade openness by country wealth and region, c2000

	sample size	average trade openness: log (exports/GDP)	returns to education: average correlation of education and income	correlation between openness and returns to education
Developed countries	26	1.59	0.30	0.41 **
Developing countries	49	1.51	0.33	-0.38 ***
Latin America	10	1.33	0.47	0.05
East Asia	4	1.63	0.17	-0.14
Eastern Europe	21	1.64	0.25	0.06
M. East and N. Africa	6	1.53	0.28	-0.59
South Asia	3	1.17	0.45	0.99
Sub-Saharan Africa	5	1.37	0.45	0.49

Sources: UN (2002), Barbones (2009)

However, before accepting this as support for theses about the changing experiences of labour, some rather substantial qualifications are needed. Firstly, Barbones' (2009) data measures change across a range of countries rather than change within them over time, while the hypotheses concerning education and inequality are of change within countries, to study which appropriate time series data were not available. Barbones acknowledges this and it is not unreasonable to assume that the effects of trade openness might be similar across time and place. However, as the same author wrote in an earlier paper:

In cross-sectional models, where a significant relationship is observed between trade globalization and income inequality it is invariably negative: more globalization is associated with less inequality. On the other hand, where a significant relationship is observed between change in globalization and change in inequality, it is invariably positive: increasing globalization implies increasing inequality. This pattern of results is profoundly inconsistent. (Barbones and Vonada, 2009)

This earlier paper systematically investigated neither these inconsistencies nor the role of education. However, these results also suggest caution in interpreting the later work.

Furthermore, reflecting on the data suggests at least two further qualifications. The broad UN classification of countries as 'developed' or 'developing' is problematic and can obscure the great differences within the categories. So, in 2000, the GDP per capita of the developed countries ranged from \$16501 (Greece) to \$50061 (Luxembourg). For developing countries there was a much wider relative difference from \$523 (Tanzania) to \$13991 (Czech Republic). These numbers confirm that although average wealth, like other indicators including education, lies along something of a continuum, all those here designated 'developed' were richer than the 'developing'. Now Barbones' actually incorporates numerical values of per capita income into his model as a measure of 'demand for education'. Unsurprisingly, in the sample here, this correlates strongly (0.80) with the categorical evaluation of developed or developing. Barbones also reports that controlling for this has 'virtually no effect on the coefficient for trade globalization' (2009: 55-6). Another way of reading this is simply that if we replace the ordinal values for countries' status with numerical values of how rich they are in GDP per capita terms, there is virtually no correlation. The professed relationship simply disappears.

Again following Barbones' geographical categorisation, table 3 also shows the high level of inter-regional variation. So the average level of association between education and income inequality and of trade openness of developed and developing countries are quite similar. However, if we separate the different developing country regions we immediately see substantial differences between them in terms of average experiences. Indeed, there is now a significant negative association between the unweighted average values of the correlation of education and inequality and of trade openness for each of the six regions. Meanwhile, within regions there is little evidence of the negative association between the returns to education and trade openness. Some of the series are small and in most cases we cannot with confidence exclude the possibility that such negative associations exist. However, in the absence of time-series data it is quite strongly suggestive that the overall measure was instead capturing established differences in the political economies of different parts of the world rather than the effects of recent trade opening.

It is also possible to consider in slightly more detail the character of inequality within countries. The S-S theorem predicts rising inequality with increased openness in rich countries. The highly educated, already best rewarded, do well. The least educated, already at the bottom, are expected to do badly. We therefore should see polarization based on both what the ILO characterise as 'exploding top' and 'collapsing bottom' inequality. At least in 'labour-rich' poor countries we should expect the opposite, greater equality based on rising wages of the low-skilled and relative falls for those at the top. A reasonable measure of these breaks total inequality into two components; D9/D5 inequality between the top and the fifth decile and D5/D1 inequality between the fifth and the bottom decile. Table 4 shows the changes for 20 countries, 12 rich OECD countries and eight poorer countries (according to the standard UN definition). For only a few do the changes appear to run in the 'right' direction.

Overall, there are positive but not statistically significant correlations between changes in openness and both top and bottom inequality. Dividing the sample into rich and poor, in the former there is a statistically significant correlation with inequality at the top. However, this in the 'wrong' direction, the top exploding less in those rich countries that opened more. The positive correlation for this same indicator in poorer countries, while not strictly significant, suggests inequality at the top increased with openness, again contradicting the theoretical models. There is not a statistically significant relation between inequality at the bottom and trade openness for either rich countries or poor. These results are based on a small sample and require careful confirmation. However, they again challenge claims of the S-S theorem and of the effects of trade globalization on labour.

Table 4: Changes in trade openness and inequality in 20 countries, 1995-2005

	change in trade openness	change in d5/d1 inequality	change in d9/d5 inequality
Australia	3.31	0.04	0.08
Finland	12.93	0.01	0.03
France	8.57	-0.11	0.06
Germany	29.31	0.18	-0.03
Ireland	11.60	-0.23	0.07
Japan	10.36	0.05	0.01
Netherlands	18.62	0.03	0.05
New Zealand	0.88	0.05	0.28
Spain	11.92	-0.36	0.04
Sweden	16.99	-0.01	0.08
United Kingdom	-0.29	-0.06	0.11
United States	3.56	-0.02	0.12
Argentina	24.49	1.00	0.06
Brazil	10.62	0.10	-0.28
Chile	17.98	0.25	0.03
Hungary	47.25	0.08	0.22
Korea, Republic of	24.09	0.15	0.27
Mexico	3.38	-0.14	-0.17
Poland	30.26	0.23	0.19
Thailand	57.62	0.19	0.02
correlation, whole sample (n=20)		0.38	0.15
developed countries (n=12)		0.24	-0.70 **
developing countries (n=8)		0.11	0.54

sources: calculated from ILO (2009) and OECD (2010)

The S-S theorem and similar claims based on neo-classical economics assume that workers' skills are essentially continuous, simply greater or lesser. Obviously, people actually do different jobs and can only with greater or lesser difficulty move between them. So, in the long term, we might expect a transfer from vulnerable or declining trades into growing better rewarded sectors. Over short periods there is considerable 'stickiness' in labour markets. Therefore, we might expect to see wages and organization in sectors vulnerable to globalization falling more steeply than in more protected sectors, or than in those that might gain from openness. Most obviously, manufacturing is potentially vulnerable, sectors like construction, health and education less so. At the other end of

the spectrum, transport and communications workers might reasonably be reckoned to have improved their position.

Table 5 compares the trends for the levels of strike activity in manufacturing, construction and transport and communications with national levels. These show that on average the trends for transport and communications strikes and strikers are very similar to those of national labour movements. In terms of strike days they are somewhat less negative. Trends of industrial action in manufacturing did indeed fall more rapidly. However, the data are simple numerical values and the decline in manufacturing employment in rich countries - and in several poorer ones - means this should be interpreted with some caution. Construction does appear to occupy a middle position. The decline in the number of strikes was even more precipitous than in manufacturing but the number of strikers and strike days fell less sharply than in manufacturing but more steeply than in transport and communications.

Table 5: Trends in levels of industrial action, various countries, 1980-2008 (average change per year, divided by average for the period)

	Strikes				Strikers				Strike days			
	Total	M†	Con†	T&C†	Total	M	Con	T&C	Total	M	Con	T&C
Algeria	-0.20	-0.15	-0.20	-0.24								
Australia	-0.07	-0.09	-0.01	-0.08	-0.06	-0.08	-0.02	-0.08	-0.09	-0.10	-0.05	-0.11
Barbados					-0.04	-0.02	-0.10	-0.14	-0.05	-0.05	-0.05	-0.20
Belgium									0.05	0.02	0.16	0.15
Canada	-0.05	-0.07	-0.08	-0.05	-0.05	-0.08	-0.09	-0.04	-0.04	-0.08	-0.10	-0.03
Chile	0.02	-0.01	0.07	0.07	0.00	-0.01	0.09	0.04	-0.02	-0.03	0.09	0.06
Costa Rica	-0.02	-0.08	-0.33	0.02	0.07	-0.11	-0.33	-0.04	0.16	-0.05	-0.33	-0.03
Cyprus	-0.04	-0.07	-0.03	-0.03					-0.04	-0.04	0.02	-0.04
Denmark	0.05	0.03	0.08	0.10	0.00	-0.02	-0.01	0.02	0.01	-0.05	0.00	0.02
Ecuador	-0.08	-0.10	-0.08	-0.08	-0.09	-0.10	-0.10	-0.10	-0.08	-0.10	-0.09	-0.10
Egypt					0.06	0.06	-0.03	0.24	0.09	0.10	-0.07	0.24
El Salvador	0.01	-0.03	-0.07	0.01	-0.01	0.00	-0.04	-0.01	-0.04	-0.08	-0.04	-0.08
Finland	-0.11	-0.11	-0.14	-0.05	-0.09	-0.10	-0.11	-0.05	-0.08	-0.07	-0.12	-0.08
France									-0.06	-0.09	-0.04	-0.04
Germany					-0.05	-0.05	0.05	-0.13	-0.03	-0.13	-0.02	0.18
Hong Kong					-0.10	-0.15	-0.01	-0.08	-0.09	-0.16	0.05	-0.07
Hungary					-0.03	-0.08	0.28	-0.02	-0.04	-0.11	0.33	-0.03
India	-0.05	-0.05	-0.07	-0.12	-0.03	-0.07	0.02	-0.05	-0.05	-0.06	0.01	-0.05
Ireland	-0.09	-0.11	-0.06	-0.06	-0.07	-0.12	-0.12	-0.04	-0.09	-0.11	-0.13	-0.08
Israel					0.04	-0.15	0.01	-0.06	0.00	-0.12	0.05	0.00
Italy	-0.04	-0.05	-0.08	-0.04	-0.09	-0.11	-0.11	-0.07	-0.10	-0.12	-0.12	-0.09
Jamaica	-0.05	-0.08	-0.02	0.03	-0.01	-0.03	0.03	0.00	-0.03	-0.04	0.03	-0.02
Japan	-0.10	-0.12	-0.15	-0.08	-0.13	-0.16	-0.19	-0.10	-0.12	-0.16	-0.19	-0.09
Korea	-0.04	-0.04	-0.06	-0.06								
Malaysia	-0.06	-0.03	-0.11	0.02	-0.04	0.00	-0.06	0.02	-0.04	-0.01	-0.08	0.04
Mauritius	0.02	0.03	0.06	-0.06	-0.05	-0.03	0.00	-0.10	-0.02	0.01	0.09	-0.09
Mexico	-0.13	-0.11	-0.17	-0.09	-0.10	-0.09	-0.17	-0.20	-0.12	-0.13	-0.14	-0.15
Morocco	0.00	-0.01	-0.03	0.01	-0.01	-0.03	-0.05	0.03	0.00	0.00	-0.02	0.13
Netherlands	0.00	-0.02	-0.03	0.01	0.02	-0.05	0.01	0.01	-0.01	-0.06	0.02	-0.01
New Zealand	-0.10	-0.12	-0.14	-0.11					-0.11	-0.12	-0.13	-0.10
Nigeria	-0.03	-0.06	-0.11	-0.09	-0.03	-0.03	-0.05	-0.10				

Norway	-0.02	-0.10	-0.09	-0.03	-0.03	-0.02	0.01	-0.03	-0.02	-0.02	-0.02	-0.03
Panama					0.05	-0.02	0.07	-0.08	-0.11	-0.04	0.14	0.02
Peru	-0.10	-0.11	-0.07	-0.07	-0.12	-0.11	-0.10	-0.11	-0.07	-0.10	-0.06	-0.06
Philippines	-0.08	-0.08	-0.08	-0.05	-0.07	-0.08	-0.10	-0.03	-0.12	-0.12	-0.13	-0.08
Poland					-0.14	-0.20	-0.22	-0.20	-0.13	-0.17	-0.20	-0.15
Portugal	-0.04	-0.05	-0.10	0.00	-0.09	-0.09	-0.14	-0.10	-0.10	-0.11	-0.15	-0.11
Romania	-0.07	-0.08	-0.20	-0.08	-0.07	-0.08	-0.19	-0.04	-0.05	-0.02	-0.31	0.02
Spain	-0.04	-0.02	-0.06	0.01	-0.06	-0.07	-0.01	-0.05	-0.06	-0.07	-0.07	-0.04
Sri Lanka	-0.04	0.04		-0.17								
Suriname	-0.09	-0.11	-0.10	-0.08	-0.12	-0.16	-0.10	-0.08	0.06	-0.09	0.20	-0.12
Sweden	-0.10	-0.12	-0.06	-0.02	-0.12	-0.17	-0.14	-0.06	-0.11	-0.17	-0.14	0.02
Switzerland					0.10	-0.05	0.13	0.14	0.09	0.00	0.13	0.09
Thailand	-0.05	-0.04	-0.11	-0.13	-0.04	-0.04	-0.06	-0.16	-0.02	-0.02	-0.09	-0.16
Trinidad and T	0.01	-0.11	-0.14	0.06	0.02	-0.06	-0.03	0.06	0.10	0.01	0.22	0.08
Tunisia	0.00	0.01	-0.03	-0.05	0.05	0.03	-0.04	-0.06	0.03	0.02	-0.05	-0.06
Turkey	-0.14	-0.15	-0.02	-0.17	-0.13	-0.16	-0.08	0.03	-0.13	-0.16	-0.08	0.08
Ukraine	-0.12	-0.21	-0.14	-0.19	-0.16	-0.24	-0.18	-0.18	-0.12	-0.26	-0.13	-0.19
UK	-0.09	-0.12	-0.10	-0.05	-0.06	-0.13	-0.05	-0.04	-0.11	-0.15	-0.11	-0.07
USA	-0.07	-0.08	-0.11	-0.06	-0.06	-0.05	-0.13	-0.07	-0.07	-0.07	-0.15	-0.07
Zambia	-0.08	-0.05	-0.15	-0.04	-0.04	-0.03	-0.08	-0.04	-0.06	-0.02	0.03	0.09
AVERAGE	-0.06	-0.07	-0.09	-0.05	-0.05	-0.08	-0.06	-0.05	-0.04	-0.07	-0.04	-0.03

Note: *M Manufacturing, Con Construction, T&C Transport, Storage and Communications
Source: calculated from ILO (2010)

Table 6 examines changes in the links between levels of industrial action in manufacturing and transport and communications with those of national labour movements. Dunn (2004b) reported no evidence of a disembedding of the experiences of transport and communications workers from wider national labour movements. However, the larger and updated sample here suggests this has occurred to a substantial degree. Correlation coefficients are calculated for levels of industrial action in the respective sectors with those of the wider labour movement (excluding the sector under consideration). Data from 1980 to 2008, or for the greatest continuous period available between these years is split into two as nearly as possible equal periods, comparing the later with the earlier. (The only exception is Pakistan, for which there is no data for 1993 but for which the 13 years before this date are compared with the ten subsequent years.) Table 6 indicates that for transport and communications strikes the average values for the correlation coefficients are markedly lower in the second period. Furthermore, there are markedly fewer statistically significant associations in the second period. Amongst manufacturing workers too, there appears to be a 'disembedding' of the propensity to take industrial action from national contexts. However, this is somewhat less marked, at least in terms of the number of strikes and strikers.

Together, tables 6 and 7 may indicate a degree of disembedding of transport and communications from national contexts and reflect a somewhat stronger strategic location than workers in manufacturing. However, table 6 re-emphasises the common (if far from universal) decline of national labour movements and it may be the generally more limited and specific character of industrial action within countries rather than the particular character of industrial relations within particular sectors that is responsible.

Table 6: Changes in embeddedness of the propensity to take industrial action, 1980-2008

	Transport, storage and communications						Manufacturing					
	period 1			period 2			period 1			period 2		
	strikes	strikers	days	strikes	strikers	days	strikes	strikers	days	strikes	strikers	days
Algeria	.964***			.807**			.862***			.862***		
Australia	.945***	.638***	.809***	.665***	.596**	.502**	.819***	.453*	.427*	.819***	.453*	.427*
Barbados		-.130	.007		-.222	-.253		-.071	-.150		-.071	-.150
Belgium			.773***			.795***			.641**			.641**
Canada	.893***	.221	.267	.679***	.103	-.058	.768***	.399*	-.289	.768***	.399*	-.289
Chile	.800***	.310	.149	.100	-.217	-.218	.039	.107	.012	.039	.107	.012
Costa Rica	-.332	.328	.061	-.546	.613*	.943	-.104	-.327	-.272	-.104	-.327	-.272
Cyprus	-.181		.080	-.202		.041	.203		.709***	.203		.709***
Denmark	.392*	.922***	.928***	.395*	.955***	.816***	.532**	.847***	.608**	.532**	.847***	.608**
Ecuador	.400*	.546**	.042	-.363	-.096	-.365	-.511	.723***	-.301	-.511	.723***	-.301
El Salvador	.728***	-.190	.762***	-.044	.325	.365	.238	-.287	-.016	.238	-.287	-.016
Finland	.297	.422*	.678**	-.101	-.130	.035	-.062	-.197	-.133	-.062	-.197	-.133
France			.458*			-.282			-.038			-.038
Germany		.762**	.029		.101	-.209		.589*	-.067		.589*	-.067
Hong Kong		.118	-.068		.209	.051		.178	-.134		.178	-.134
Hungary		.464	.339		.189	-.176		.138	-.439		.138	-.439
India	.896***	.009	.167	.797***	.008	-.077	.931***	.045	-.248	.931***	.045	-.248
Ireland	.660***	-.047	.275	.361	.154	-.096	.743***	.486**	.469**	.743***	.486**	.469**
Israel		-.605	.409		.908***	.515		.231	-.407		.231	-.407
Italy	.795***	.752***	.338	.851***	.076	-.096	.430*	-.000	-.107	.430*	-.000	-.107
Jamaica	.174	-.022	.047	.753***	.074	.242	.765***	.009	-.046	.765***	.009	-.046
Japan	.917***	.949***	.911***	.919***	.308	.309	.888***	.397	.613**	.888***	.397	.613**
Korea	.969***			.620**			.717***			.717***		
Malaysia	-.320	-.217	-.167	-.281	.117	-.204	.069	.353	.350	.069	.353	.350
Mauritius	.249	-.052	.111	.199	-.226	.481**	.259	-.224	-.125	.259	-.224	-.125
Mexico	.081	.683**	.658**	.722***	.124	.279	.601**	-.679	-.498	.601**	-.679	-.498
Morocco	.866***	.455*	.147	.436*	.218	-.100	.698***	.733***	-.133	.698***	.733***	-.133
Neth'lands	.496**	.056	.025	.200	-.169	.409*	.597**	.335	-.215	.597**	.335	-.215
N. Zealand	.703***		.121	.580**		-.071	.758***		.415*	.758***		.415*
Nigeria	.741***	.877***		.749***	.167		.524**	.146		.524**	.146	
Norway	-.024	-.114	.027	-.218	.236	.079	-.080	.581**	.667***	-.080	.581**	.667***
Pakistan	.455*	.672***	.146	.537*	.348	-.010	.581**	.657**	.357	.581**	.657**	.357
Panama		.250	-.164		-.091	.893***		-.100	.844***		-.100	.844***
Peru	.721***	.748***	.302	.056	.250	.450*	.425*	-.200	.076	.425*	-.200	.076
Philippines	.947***	.176	.679***	.787***	.891***	.675***	.906***	.882***	.691***	.906***	.882***	.691***
Poland		.196	-.088		.983***	.854***		.071	.034		.071	.034
Portugal	.431*	.484**	.700***	-.183	.298	.402*	.028	.307	.406*	.028	.307	.406*
Romania	.720**	.850***	.860***	.210	.129	.933***	.060	-.009	.647**	.060	-.009	.647**
Spain	-.091	-.118	-.200	-.501	.384	-.015	-.027	-.383	-.050	-.027	-.383	-.050
Suriname	.744**	.501	.743**	.228	-.043	-.391	.828***	.709**	.556*	.828***	.709**	.556*
Sweden	-.044	-.698	-.242	.768***	-.005	-.157	.546**	.776***	.627***	.546**	.776***	.627***
Switzerland		-.121	-.144		.281	-.237		.337	.178		.337	.178
Thailand	.520**	.566**	-.183	.063	.170	-.031	.053	-.150	-.196	.053	-.150	-.196
Trinidad T	.083	-.030	-.035	-.444	-.395	.161	-.408	.099	.998***	-.408	.099	.998***
Tunisia	-.143	.225	.162	-.254	.389	-.224	.062	.925***	-.057	.062	.925***	-.057
Turkey	.117	.671**	.677**	.281	-.234	.072	.160	-.038	.232	.160	-.038	.232
Ukraine	.525*	.013	.081	-.038	.273	-.135	.472*	.653**	.721**	.472*	.653**	.721**
UK	.806***	.650***	.063	.146	.003	-.109	.447*	-.423	-.395	.447*	-.423	-.395
USA	.589**	-.047	-.129	.088	.351	.326	.420*	.227	-.035	.420*	.227	-.035
Zambia	.656**	-.073	.076	.777***	.507*	.435	.743**	.810***	.889***	.743**	.810***	.889***
average	.479	.274	.249	.265	.203	.161	.576	.392	.311	.400	.230	.166
No. significant	26	18	13	17	7	11	24	15	16	24	15	16
at 99%	16	9	8	11	4	6	12	7	6	12	7	6
at 95%	6	6	4	3	1	3	7	5	6	7	5	6
at 90%	4	3	1	3	2	3	5	3	4	5	3	4

Source: calculated from ILO (2010)

The evidence in this section is hardly conclusive. This, in itself, contrasts sharply with the stridency with which claims for the effects of globalization are often made. Caution, again, is in order.

The New Economy and the social dispersal of labour

In the previous section a conception of globalization as the spatial dispersal of labour was discussed. In many accounts, this coincides with an analytically distinct process of social dispersal (see e.g. Castells 2000). A huge literature using numerous terms, with different shades of meaning, has tried to capture this latter change. Ideas of 'post-Fordism', 'flexible specialisation', 'Japanisation', 'the new economy' each in their different ways describe a decline in the potential of class based action, at least as it has conventionally been understood. In the extreme the very ideas of class and exploitation have become redundant. At the very least the working class has become more heterogeneous and polarised with any hope for unions requiring new strategic imagination (Hyman 1999).

To select just a couple of the key claims of this literature, there has been a transformation of industrial structure, with networks replacing the giant corporation and a transformation of the labour process. The first of these means smaller workplaces with less hierarchy. This makes it harder to organize. The second sees a reduction in the number of semi-skilled workers who had once been the backbone of labour organization. Flexible production systems mean, on the one hand, more highly-skilled workers, the neo-artisanate in Piore and Sabel's formulation, who do well from these changes but as individuals with little need of organization. Solidarity ill fits their well paid, creative, individualistic existence. At the other end of the spectrum, the flexibility is all on capital's side, with an increase in casualization, of temporary and part-time work. Such groups of workers have historically been hard to organize. This last, in particular, has a strongly gendered and racialized element (McEwan and Tabb 1989). The first of these claims can be dealt with quite briefly. The second, at slightly greater length, involves returning to thorny questions of skill and its rewards. Partly reflecting conceptual difficulties and partly reflecting the fragmentary nature of the data, the evidence in this section is more limited in geographical scope than in those above, drawing primarily from the US. This seems legitimate as it is in this country that the 'new economy' is widely perceived to have advanced furthest.

It is true that we no longer see giant factories like Ford's River Rouge - at least in rich countries. But this was always the exception. It might also be recalled that Ford was the last of the auto-firms to concede unionisation in the pre-war period. As de Angelis points out the strikes of the 1930s also involved 'hospital workers, trash collectors, gravediggers, blind workers, engineers, prisoners, tenants, students and baseball players' (2000:52). Nevertheless, there is evidence of an association between workplace size and labour organization, albeit quite a weak one. Table 7 shows recent figures for different industries. The correlation between average enterprise size and union density are in the 'right' direction but at best marginally statistically significant. Nevertheless, if there were a systematic shrinking of enterprise size it could reasonably be seen as weakening labour.

Table 7: Enterprise size and union density (2006-09) in the USA

	Percentage working in enterprises of	Average enterprise size	log of average size	Union density
Agriculture, forestry, fishing & hunting	0	7	0.86	2.0
Mining	56	27	1.43	8.5
Utilities	82	94	1.97	28.8
Construction	15	9	0.97	16.0
Manufacturing	56	48	1.68	11.1
Wholesale trade	39	18	1.26	5.0
Retail trade	60	22	1.34	5.3
Transportation & warehousing	62	25	1.40	29.4
Information	74	45	1.66	10.2
Finance & insurance	67	25	1.40	2.3
Real estate & rental & leasing	31	7	0.86	3.8
Professional, scientific & technical services	38	10	1.02	1.6
Management of companies & enterprises	88	109	2.04	5.1
Administrative/support waste management/remediation services	63	31	1.49	12.9
Educational services	55	40	1.61	33.9
Health care and social assistance	52	27	1.43	9.6
Arts, entertainment & recreation	n.a.	17	1.23	7.8
Accommodation & food services	40	24	1.39	2.3
Other services (except public administration)	15	8	0.91	3.0
Correlation with union density	0.35	0.35	0.44*	

Source: Census (2010), Hirsch and Macpherson (2010)

Table 8 presents data for the proportion of US workers by establishment size. Any change is marginal at best. Figures for the total number of workplaces are not available, and the average therefore not calculable, before 1990. From that date the average varied around the 15 level (Census 2010). This is indeed small. But there is little evidence of it having fallen with the arrival of the new economy. Indeed, the trend is upward.

Table 8: The shrinking workplace? Percentage of US employees by establishment size

	1980	1990	2000	2007
Less than 20	26	26	24	25
20-99	28	29	29	30
100-499	24	25	25	25
500-999	8	7	7	7
1000 and over	14	13	13	13

Source: Census (2010)

The argument around skill and the greater polarisation it supposedly introduces to labour is particularly hard to evaluate. Following neo-classical economics, one approach is simply to accept that income is fair reward for skill and to read-back increasing skill polarisation from widening differentials in pay. Anticipating the discussion below, problems with this become particularly clear in relation to women and non-white workers, whose pay and levels of organisation remain lower than those of white men. Their lower incomes do not reflect an intrinsic skill deficiency.

There is a more sophisticated argument of changes to the labour process and what has been called skill biased technical change. Some sectors require higher skilled workers and attract higher pay than others. Increasing

intersectoral differentials then account for a large part of increasing national inequalities. Here the work of Galbraith and Hale (2009) is particularly useful. They use 'Thiel's T' as measure of inequality within the US. According to this, total inequality across sectors is given by:

$$T_{\text{sectors}} = \sum p_i/p \times y_i/\mu \times \ln(y_i/\mu)$$

That is, T is the sum across all the sectors of the number of jobs in each sector (p_i), divided by the total number of jobs (p), multiplied by the average wage in each sector (y_i), as a share of all jobs (μ), multiplied by the natural logarithm of this same function. The natural log of 1 is 0, so sectors with the average wage contribute nothing towards inequality. If average wages in a sector are below the overall average, y_i/μ is less than one and $\ln(y_i/\mu)$ is negative. But for any sector to have below average wage, another must have higher than average wages and this will contribute positively to inequality. The logarithmic function is set up to produce positive results, the more so the greater inequality.²

Inequality is multidimensional. Galbraith and Hale (2009) add regional inequalities to those between sectors, although they find the latter much more significant. Similarly, the differentiation increases the more sectors are broken down into detailed sub-sectors but they find that the majority of US inequality can be attributed to the differences between 21 major industrial sectors. Between 1990 and 2007 Theil's T for between-sector pay inequality rose from about 0.07 to around 0.11. Amongst other things, manufacturing pay rose but, because the sector shrank, it contributed less towards inequality than previously. The relative income share and contribution to inequality rose significantly in some 'new economy' sectors. These included industry information, finance and insurance and professional and technical services. However, they rose more quickly still in mining and utilities. The sectors in which income fell included construction, education, retail trade and arts, entertainment and recreation. However, there was a different pattern in the years leading up to the dot.com boom and in those that followed in the 2000s; with different sectoral winners and losers. So 'students who studied information technology in the mid-1990s were lucky; those completing similar degrees in 2000 faced unemployment' (2009: 16). Conversely, construction workers did very well in the recent boom. Of course, many construction workers are indeed highly skilled. But plumbing and bricklaying are rather more traditional trades than those conjured up in most presentations of the 'new economy'. And many building workers are now also out of work, much like thousands of printers and tailors before them.

² (To illustrate, imagine a two class economy, national wealth of 12 is divided between the two equal size classes either i: in the ratio 2 to 10 or ii: in the ratio 4 to 8. Then:

$$T_i = (0.5 \times 2/6 \times \ln 2/6) + (0.5 \times 10/6 \times \ln 10/6) = -0.183 + 0.426 = 0.243$$

$$T_{ii} = (0.5 \times 4/6 \times \ln 4/6) + (0.5 \times 8/6 \times \ln 8/6) = -0.135 + 0.192 = 0.057$$

Galbraith and Hale justify their sectoral approach with a claim that intra-industry inequalities are relatively small and tend to vary less than those between sectors ‘partly for institutional reasons, such as the stability of intra-firm pay hierarchies’ (2009:3). Their data therefore excludes intra-industry inequalities (indeed it includes ‘proprietors’ income’ alongside wages and salaries). However, their own discussion suggests that rapid spikes in inter-regional inequality were due to the escalation of incomes of relatively small numbers (found predominantly in a few favoured locations). They make clear ‘economic inequality increased, mainly due to extravagant gains by the already-rich’ (2009: 27). The gains were disproportionately distributed towards the top, even within these sectors. Conversely, the sudden collapse of incomes after 2001 (while of course hurting the poorest most in real terms) meant massive losses for the inordinately rich and actually considerably reduced inequality.

Table 9: Changes in inter-sectoral inequality (measured as Theil’s T), selected countries

	Period	T1	T2	sectors increasing inequality	sectors decreasing inequality
Canada	1991-2008	0.0463	0.0369	education; manufacturing	financial intermediation; real estate, renting and business
Chile	1996-2005	0.0373	0.0615	construction; wholesale and retail trade etc.	community, social and personal services; FIRE
Egypt	1997-2007	0.0442	0.0658	real estate, renting and business; education	construction; utilities
Israel	1995-2008	0.0354	0.0516	transport, storage and communications; health and social work	manufacturing; real estate, renting and business
Mexico	1995-2008	0.0748	0.0206	wholesale and retail trade; financial intermediation	agriculture; public administration
Netherlands	1995-2005	0.0090	0.0088	education	health and social work; financial intermediation
Poland	1994-2007	0.0252	0.0203	mining and quarrying; manufacturing	agriculture; financial intermediation
Sweden	1997-2007	0.0021	0.0029	real estate, renting and business	construction

source: calculated from ILO (2009), Heston et al (2010)

Table 9 uses Thiels’-T as a measure of intersectoral inequality for other countries. It also indicates for each country those sectors whose contributions to overall inequality have increased and decreased most significantly. The series are taken, for as many sectors as possible, for as long a time span as possible between 1991 and 2008. The evidence is clearly fragmentary, based on the more limited industrial classifications from the ILO and with reasonable time-series data for both the size and average pay of different sectors available for only a few countries. However, it does suggest some interesting results. Firstly, these data, which include only employees’ pay, produce substantially lower values than those for the US, which include employers’ compensation. Secondly, with reference to the polarization anticipated by the trade based theories discussed above, there is little evidence of increased sectoral inequality in rich countries. Conversely, this does rise significantly in some poorer ones.

Thirdly, and most pertinent to the discussion in this section, there is a great variety in the sectors whose contribution to inequality rose and fell. Rather than there being a clear rise in ‘new economy’ sectors, like finance and perhaps education and transport and communications and a fall in ‘old economy’ sectors like mining, construction and manufacturing there is a much more mixed picture.

All this highlights a fundamental problem in assuming correspondence between skills or knowledge and income. Since Keynes (1973), a belief in perfectly clearing or ‘efficient’ labour markets seems quaint. However, similar assumptions lie behind the association of high pay and skill. For practical purposes such indicators can no doubt be useful, revealing important things, for example about differences between and within countries. However, they can also conceal much of the real differentiation of skills and the segmentation of labour markets. They can also reflect abidingly neo-classical influences that market economies provide just rewards, so that incomes reflect abilities and higher pay is seen as a reward for higher skill. Of course, this risks reducing investigations of skill and pay (at best) to circularity.

Another observation made by Galbraith and Hale (2009) illustrates the dangers. Gender gaps in pay have narrowed slightly in most rich countries in recent years. However, this has been a slow process and differentials typically remain large. By contrast, gaps in education between men and women have narrowed much more quickly. Indeed in the US they have been reversed so that every year since 1982 more women than men been awarded bachelor’s degrees and in the over-25 population by 2008 the proportion of men and women with degrees had almost reached equality at 30.1 and 28.9 per cent respectively (Census 2010). Similarities in education and skill were not fully reflected in income, emphasising the institutional ‘lumpiness’ and frequently discriminatory nature of labour markets. Similar points could be made about ethnicity, where again pay differentials are hardly adequately explained by differences in abilities.

Table 10: Wage inequality in the US: wages as a percentage of the median, 1973-2005

	10 th percentile	median	70 th percentile	90 th percentile
1973	52.3	100	133.3	191.5
1989	48.2	100	138.8	258.8
2000	51.5	100	140.3	284.2
2005	50.4	100	139.0	291.8

source: calculated from Mishel et al, (2007)

A final comment on US data on education and inequality highlights the danger of too easy an association. Table 10 shows the differences in relative incomes across different deciles of the US population between 1973 and 2005. It shows that wages at the bottom fell marginally compared with those in the middle. Those at the top rose dramatically. There was ‘exploding top’ inequality, as discussed above. What is perhaps even more interesting in this context is what happened at the 70th percentile. As above, roughly 30 percent of working-age Americans now have at least a bachelors degree. Yet the 70th percentile experienced only a marginal rise against the median and even against the bottom its relative pay increased only from 255 to 276 percent, or by ten percent over this thirty-

two year period. By contrast, against the top, the 70th percentile lost substantial ground, its relative pay falling from 69.6 to 47.6 percent.

This appears anomalous for the models that equate education with skill and anticipate its reward. Wood (1998) acknowledges that many graduates in the US have not experienced the expected boon from their studies, while observing that those without such education have done worse. However, this points to an alternative reading of education and inequality in rich countries. The already wealthy have disproportionately increased their wealth. They are also most likely to have high levels of education. The two 'travel together'. Meanwhile unemployment has risen, with price stability prioritised by governments and international organisations, making labour markets more competitive. It was suggested in the 1970s (Mann 1973) that fewer than ten percent of jobs in rich countries actually required more skills than were needed to drive a car. This may have changed, although a glance at many of the enduring major employment categories suggests perhaps not by much. Galbraith and Hale suggest that 'education and training have become a kind of lottery, whose winners and losers are determined, *ex post*, by the behaviour of the economy' (2009: 16). Nevertheless, other things being equal, employers can select people with higher levels of education irrespective of whether that education equips them with specific skills to do the job. From prospective employees' perspective, better to be able to offer more credentials than none, even for routine work.

The relationship between workplace size and labour organization was never very strong and while it is plausible to argue that the re-emergence of really small scale, cottage industry would undermine labour's potential, there is little evidence of this occurring. The relationship between skill and work and organization is highly mediated and contingent, and claims of transformation are accordingly hard to assess. However, increasing income polarisation may often be better read as the consequence of poor organisation than as the result of skill differentiation and the cause of poor organization. Undoubtedly labour is heterogeneous. In important respects this has increased. For example, there are more women in paid employment, with many workforces also more mixed in terms of ethnicity than they were even a few decades ago. There are many social and institutional obstacles to solidarity but with statistics (see e.g. Census 2010) suggesting that women and non-white workers have most to gain when they are organized these need not be insuperable. Again there is a danger of reading back effect as cause. There has been an increase in 'flexibility' and casualisation and women and ethnic minority workers tend to get the worst of it. Such flexibility can reflect a lack of organization, as overcome, for example by dock workers and car workers in an earlier period.

Conclusions

There are some elegant arguments why economic restructuring should be taken to have weakened labour. Mere evidence cannot disprove them. However there are many reasons for labour supporters to be sceptical. Claims of capital mobility tell labour that it is weak and that the state is no longer capable of offering protection. On at least

some occasions this argument has been used by employers to extract concessions. This does not mean it is wholly unfounded. States have liberalised, many workers in rich countries have undoubtedly lost their jobs as production has relocated to cheaper locations. Many employers have faced increased competition which in turn has inclined them to put more pressure on workers. However, the rhetoric of mobility and threat of relocation often exceeds the reality. For many groups of workers it is simply not plausible. Still other workers might be thought likely to gain new strategic power, their location vital to networks of capital, which can become more sensitive to disruption by action in particular places. If there is little evidence of such strengths being realised, it might also make us reflect on the apparent weaknesses.

Claims of the new economy and their negative consequences for workers are many and varied. Amongst them two seem crucial and are often repeated. These are that there has been a decline in corporate and workplace size and that the skill bases of work have been transformed. While the first of these seems close to pure invention, the second is harder to assess, either positively or negatively. However, it does seem worth reiterating an alternative reading of the evidence of labour retreat, more as political achievement than as structural imperative (Walker 1999). This reverses the line of causation. Casualization and rising inequality in many countries are not the cause but the consequence of a weakened left and labour organization. The evidence here from the US confirms that rising inequality is attributable to the extravagant gains of the already rich rather than to increasing intra-class polarization. Labour's weakness extends to sectors little affected by globalization and the new economy. It extends to sectors one would expect to see strengthened by economic change. It has affected the skilled and unskilled. It has occurred at least as much in rich and powerful countries as in poor ones. It is almost continually being reinforced by new policy measures designed to make labour markets 'more efficient'. The recent crisis has particularly heightened this. On the one hand responses to the crisis have confirmed that states remain vital to sustaining the global economy. On the other hand it has underlined states' role in initiating attacks on labour.

Many claims of labour's undermining should be contested or at least qualified. This has some significant strategic implications. At one level it provides reasons for optimism. The material bases for organization and resistance have not been swept away. There is little reason to believe we need to radically rethink notions of class or strategies for social action. The implication is also that labour's problems are, at least partially, also a political achievement, and therefore potentially contestable. The depth of the political attacks should not be underestimated. Nevertheless, if the weaknesses are not economically determined this should redirect attention to labour's own institutional and political shortcomings.

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